BUSINESS PLAN

2016 to 2020

ALBERTA CAPITAL FINANCE AUTHORITY

5 Year Business Plan

2016 to 2020

Our Mission

- To provide shareholders within the province of Alberta flexible funding for capital projects on a prudent basis consistent with the viability of the Alberta Capital Finance Authority (ACFA).

Our Values

- To act with integrity and with respect.
- To act co-operatively with all stakeholders.
- To communicate effectively and provide quality service to our shareholders.
- To strive for excellence and innovation.
- To foster an atmosphere of teamwork.

ACFA Outcomes

The following are the core results that ACFA intends to deliver from now until December 2020:

1. To meet the needs of our shareholders for capital funds and information.

   Goals:

   - Provide information, advice and guidance to shareholders for borrowing and prepayment activities.
   - Provide flexibility to borrowers by offering a range of borrowing alternatives including alternative payment options.

   Strategies:

   - Maintain a borrowing model, which reduces market risk to the Authority and continues to offer borrowing flexibility for our shareholders. (Ongoing)

- Provide information, advice and guidance to shareholders for borrowing and prepayment activities including online access to debenture payment calculations, debt limit, service limit calculations and maintain communication between shareholders and directors. (Ongoing)

- Continue with an ACFA Shareholder Awareness campaign to enhance the knowledge and understanding of the benefits associated with choosing ACFA.

- Improve our communication and reference material regarding ACFA's stop loss policy and the rules governing loan prepayments. (Ongoing)

- Provide assistance and information, as required to various Government of Alberta departments.

- Monitor potential changes to government policy that may affect the mandate of ACFA.

- Conduct a Biennial Client Satisfaction Survey to assess shareholder satisfaction with ACFA products and services. (Oct 2016, 2018, & 2020)

Performance Measures:

- Cost to Alberta local authorities of borrowing from ACFA compared to other municipality/aggregating agencies for a comparable loan. **TARGET - Alberta local authorities have the lowest borrowing costs**. (2015 results - continue to provide lowest costs in 2016)

- Attain 85% satisfaction ratings in all areas of the Client Satisfaction Survey demonstrating continuous improvement in all areas. (Oct 2016)

2. Continued financial viability while addressing the asset/liability duration mismatch.

Goals:

- Minimize market and duration mismatch risk in line with the ACFA Financing Plan while still maintaining an income neutral operational approach.

- Minimize borrowing costs and maximize investment income subject to acceptable risks.

- Maintain a loan loss of 0%.

- Manage the activities of the Authority to achieve and maintain a positive equity position on an operating basis.

- Maintain a Board Governance process that ensures ACFA carries out its responsibilities to its shareholders in an accountable, effective and transparent manner.

Strategies:

- Asset Liability Committee (ALCO) to continue to analyse the risk profile of ACFA to develop adequate risk policy and benchmarks. ALCO will report to the board along with information flowing to the Audit Committee. (Ongoing)
- Maintain a positive equity and manage the current loans/debt issued to achieve a level of equity satisfactory to ACFA and the Province. (Ongoing)
- Maintain access to capital markets through provincially consolidated borrowing for short-term and long-term financing through Alberta Treasury Board and Finance. (Ongoing)
- Complete the review of the Authority's policies with respect to credit, investment and interest rate risk and issue a new ACFA Policy Manual. (March 30, 2016)
- Continue to use alternative financial products to manage the asset/liability portfolio in accordance with the goals set out in the Financing Plan. (Ongoing)
- Maintain a comprehensive risk register to capture risks faced by ACFA, which identifies degree of risk and mitigation. (Ongoing)
- Maintain a credit review process for borrowers that are not subject to the *Municipal Government Act*, who have exceeded borrowing limits established under the *Municipal Government Act*, are refinancing, or who appear to be in financial difficulty. (Ongoing)
- Maintain an effective Board governance model and prepare and annually review Board evaluations. (May 30, 2016)
- Maintain a Board Governance Handbook which includes an Orientation Program for Board members. (Ongoing)
- Review current security requirements for loans to assess and implement the most effective securitization of new loans. (Ongoing)
- Implement changes to the Organization based on Board recommendations.

Performance Measures:

Meeting or exceeding the above-captioned strategy deadlines.